



Magnesium Corporation of America

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MAY 16 1990

DIVISION OF
OIL, GAS & MINING

May 15, 1990

Ira Rennert
Renco Group Inc.
45 Rockefeller Plaza
New York, New York 10111

Dear Ira,

In response to your directions on April 2, 1990 to secure surety bonds in Magcorp's name and release AMAX of bonding responsibilities at the Magnesium facility, the attached actions have been taken.

1. See Attachment A.
2. Discussions with Pat Hurley of AMAX Inc. revealed AMAX had taken steps to cancel or stop payment on most of the bonds. However, BLM representatives are unwilling to sign the appropriate bond liability release documents until a complete review of the files and on site inspection of reclamation efforts have been conducted.

Normal BLM procedures would require holding the bonds for at least two and as many as five full growing seasons. Due to the problems outlined by Mr. Simeon in his March 28, 1990 letter, I have persuaded BLM representatives to expedite the release of the bonds.

In Summary:

It is my objective to have the release of all bonds by May 31, 1990 as required by AMAX Inc. This date could slip due to the work schedules of the BLM, County and State personnel. Mr. Simeon and AMAX should be told the releases are being processed. Upon completion of the releases, there will be only one surety bond required on the Knolls project held by the BLM and one bond held by the State of Utah Division of Oil Gas & Mining for the Stansbury Basin plant site, solar ponds, and oolitic sand mining operations.

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I am attempting to secure the bond requirements within the week in order to secure replacement bonds by May 31, 1990.

Sincerely,



Lee R. Brown
Vice President
Magnesium Corporation of America

Attachment

cc: T. Frazer
W. Hedburg - Utah State OG&M ✓
M. Soriano - BLM
R. Thompson - Tooele County
D. Wilkinson

ATTACHMENT A

The following bonds were identified as being presently in effect.

	<u>Bond Number/Project</u>	<u>Bond Amount</u>	<u>Bond Holder</u>	<u>Status</u>
A.	524-14-42/ROW U#54897 SLD 87-11 SLD 87-12	48,400	BLM	Will remain as primary bond for Knolls once new reclamation value is determined.
B.	524-14-12/CUP 1200-87	86,000	Tooele County	To be replaced by 524-14-42 or its successor bond at BLM.
C.	524-12-30/SULA 711	1,737,900	State of Utah Oil, Gas & Mining	To be replaced by 524-14-42 at BLM.
D.	930-90-23/SLD-86-9	3,000	BLM	Waiting on BLM approval of recent reclamation efforts in order to be released.
E.	926-76-83/SLD-84-48	3,000	BLM	Bond released 4/5/90.
F.	192-71-81/SLD-83-4011	13,500	BLM	Bond released 4/10/90.
G.	923-20-62/SLD-83-18 (replaced 192-68-07 which has not been released)	7,500	BLM	Requires release by BLM upon approval of recent reclamation.
H.	192-68-07/SLD-83-18	7,500	BLM	Requires release by BLM upon approval of recent reclamation.
I.	928-25-72-1/U#50724	7,200	BLM	Requires release by BLM upon approval of recent reclamation.
J.	224-65-58/84-8-MS	3,200	BLM	Requires release by BLM upon approval of recent reclamation.
K.	928-25-72-2/84-8-MS (replaced U#50723 & Bond 162-04-73)	3,200	BLM	Requirements are met. Awaiting bond release statement from BLM.
L.	162-48-34/Rowley Plant Site & Ponds	15,278	State of Utah Oil, Gas & Mining	Will remain active until expiration of plant operations. I am seeking new bond.